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Summary Record of NSC Standing Group Meeting No. 6/63
May 21, 1963 -- 5:00 PM

1. Report on Iran

Mr. Bundy said his reaction to the State Department report was one of wanting to know more about how Ambassador Holmes expected to implement the recommendations contained in the report.

Following an explanation by Mr. Bell, Mr. Bundy agreed that the plans and operations in connection with the Iranian land reform appeared to be in order. The ways we were trying to induce the Iranians to improve their overall economic policy did not appear to him to be clear. As to the military operations, these appeared to be satisfactory for the present.

Mr. Talbot defended Ambassador Holmes by saying that the Ambassador was doing as much as a U.S. Ambassador could do in seeking to influence the decisions of the Iranian Government.

Under Secretary Harriman said the Department would draw up a list of questions to be sent to the country team with a view to producing a specific set of plans to implement the recommendations contained in the report. If the answers are not satisfactory, the Ambassador would be asked to return to Washington for further discussions, probably accompanied by the AID Director.

There was considerable discussion as to the role which the World Bank played in Iran. The consensus was that we should encourage the Bank to reestablish its presence in Iran promptly in the expectation that Bank officials could give economic advice to the Iranian government more easily than U.S. officials could. The point was made that if the Bank did not move promptly to advise the Iranian government on economic policy, the U.S. Ambassador and other U.S. officials should do so. There was general agreement that we must make available the best possible technicians to assist the Iranian government on economic problems.

There was a discussion of the Ex-Im Bank refusal to make loans without using oil revenues as security. It was agreed that an effort would be

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made to convince the Ex-Im Bank officials that they should facilitate the granting of loans to Iran.

With respect to aid policy in general, there appeared to be a difference of view as to whether the Ambassador's recommendation that we give grant aid to Iran was a wise course to follow or whether soft loans would be preferable. The prevailing view appeared to be that, in the light of Congressional opposition to grant aid, aid to Iran should be in the form of soft loans.

The discussion centered on the degree of U.S. intervention in Iran's economic affairs. The majority appeared to favor more active intervention, but Mr. Talbot tended to emphasize the point made in the report, i.e. that the U.S. should not become involved in a revolution in Iran to the extent that our entire future relations with this country would be put in jeopardy if the revolution got out of control or if the Iranians turned against us because of our extensive intervention in their internal affairs.

2. Cuba

a. Mr. Bundy circulated a draft memorandum spelling out the responsibilities of the various groups dealing with Cuba. There was general agreement to the assignments. The memorandum was later circulated to the members.

b. Mr. Bundy reported on the work of an informal group which is seeking to develop a statement which could be used as the foundation of a U.S. effort to prevent the development of another Cuba in the Hemisphere. The statement is aimed at providing us in advance with justification for a series of actions we would take in the event it appeared that the Russians were seeking to establish in a Latin American country a take-over comparable to that in Cuba.

3. Communication with Congress

Under Secretary Harriman reported on his intensive campaign to marshal support in the Senate for ratification of the coffee agreement. He said he was surprised to discover the lack of information among Senators about our economic policies in general and the coffee agreement in particular.

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He recalled his experiences during the Marshall Plan days when extensive efforts were made to educate Congressmen, other than those on the Foreign Affairs Committees. He stressed the importance of communicating extensively with Congressmen in advance of debates on important Administration foreign policy measures.

Bromley Smith

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